

AMENDED IN SENATE JULY 5, 2012

AMENDED IN SENATE JUNE 26, 2012

AMENDED IN SENATE JUNE 25, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 1496**

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**Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Bonilla, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)**

January 10, 2012

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An act to amend ~~Section 6253.2 of, to add Section 6531.5 to, to add Title 23 (commencing with Section 110000) to, and to add and repeal Section 110035.5 of, the Government Code, and to amend Sections 10101.1, 12306, and 12306.1 of, and to add Sections 12300.5, 12300.6, 12300.7, 12302.6, 12306.15, 12330, 14186.35, and 14186.36 to, the Welfare and Institutions Code, relating to public social services; the Budget Act of 2012 by adding Items 2660-104-6043, 2660-304-6043, 2665-104-6043, 2665-304-0890, 2665-304-6043, 2665-305-0890, 2665-305-6043, 2665-306-0890, and 2665-306-6043 to Section 2.00 of that act, relating to the state budget, and making an appropriation therefor, to take effect immediately, ~~bill related to the budget bill.~~~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 1496, as amended, Committee on Budget. ~~Public social services; in-home supportive services. Budget Act of 2012.~~

*The Budget Act of 2012 makes appropriations for the support of state government for the 2012–13 fiscal year.*

*This bill would amend the Budget Act of 2012 by adding items of appropriation relating to a high-speed rail system in the state.*

*This bill would declare that it is to take effect immediately as a Budget Bill.*

~~Existing law provides for the county-administered In-Home Supportive Services (IHSS) program, under which qualified aged, blind, and disabled persons are provided with services in order to permit them to remain in their own homes and avoid institutionalization. Existing law authorizes services to be provided under the IHSS program either through the employment of individual providers, a contract between the county and an entity for the provision of services, the creation by the county of a public authority, or a contract between the county and a nonprofit consortium.~~

~~This bill would establish the California In-Home Supportive Services Authority (Statewide Authority) and would deem the authority a joint powers authority and a public entity separate and apart from the parties that have appointing power to the authority, as specified, or the employers of those individuals so appointed. This bill would require the authority to be the entity authorized to meet and confer in good faith regarding wages, benefits, and other terms and conditions of employment with representatives of recognized employee organizations for any individual provider who is employed by a recipient of supportive services.~~

~~Under existing law, any public authority created under the IHSS program is deemed to be the employer of in-home support services personnel within the meaning of the Meyers-Milias Brown Act, which governs local employer-employee relations. Existing law also provides that any nonprofit consortium contracting with a county is deemed the employer of in-home supportive services personnel for the purposes of collective bargaining over wages, hours, and other terms and conditions of employment. Existing law also establishes the Public Employment Relations Board (PERB) in state government as a means of resolving disputes and enforcing the statutory duties and rights of employers and employees under, among other provisions, the Educational Employment Relations Act, the Higher Education Employer-Employee Relations Act, the Ralph C. Dills Act, and the Meyers-Milias-Brown Act.~~

~~This bill would establish the In-Home Supportive Services Employer-Employee Relations Act for the purpose of resolving disputes regarding wages, benefits, and other terms and conditions of employment between the California In-Home Supportive Services~~

Authority (Statewide Authority), as specified, and recognized employee organizations. Under the act, the Statewide Authority would be deemed to be the employer of record, for purposes of collective bargaining, of individual providers of in-home supportive services in each county, upon implementation by a county, in accordance with certain procedures. Pursuant to the act, employees would have the right to form, join, and participate in the activities of employee organizations for the purpose of representation on all matters within the scope of representation.

The bill would require separate bargaining units to be created, consistent with bargaining units that have been recognized by predecessor agencies, as defined. The bill would require the Statewide Authority to meet and confer in good faith with employee organizations on all matters within the scope of representation, as specified. The bill would further require the Statewide Authority to assume the predecessor agency's rights and obligations under any memorandum of understanding or agreement between the predecessor agency and the recognized employee organization that is in effect on the county implementation date until it expires. The bill would provide that individual providers employed by a predecessor agency would retain employee status and would not be required by the Statewide Authority to requalify to receive payment for providing services.

The bill also would make the powers and duties of PERB applicable to its provisions, establish legal procedures for appeals regarding recognition or certification of an employee organization, authorize agency shop agreements and fee obligations, establish mediation and impasse procedures, and authorize the Statewide Authority to adopt reasonable rules and regulations relating to determining the status of organizations and associations. The bill also would authorize PERB and the Statewide Authority to adopt emergency regulations to implement the act, as specified.

The bill would establish the In-Home Supportive Services Fund within the State Treasury. Moneys in the fund would be made available, upon appropriation by the Legislature, to the Statewide Authority for the purposes of funding its functions.

This bill would require all counties, commencing July 1, 2012, to have a County IHSS Maintenance of Effort (MOE), and would require counties to pay the County IHSS MOE instead of paying the nonfederal share of IHSS costs, as specified.

The bill would require the Statewide Authority to assume prescribed responsibilities in a county or city and county upon notification by the

~~Director of Health Care Services that the assignment of eligible Medi-Cal beneficiaries described in a specified provision of law has been completed in that county or city and county. The bill would require the county or city and county to take certain actions upon this notification. By increasing the duties of local officials, this bill would create a state-mandated local program.~~

~~This bill would authorize managed care health plans, as defined, to assume the authority, previously granted to counties, to contract for the provision of in-home supportive services with a qualified agency, as defined, subject to specified restrictions and requirements.~~

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. One of the methods by which these services are provided is pursuant to contracts with various types of managed care plans.~~

~~This bill would provide that, not sooner than March 1, 2013, IHSS shall be a Medi-Cal benefit available through managed care health plans in specified counties. This bill would require that the managed care health plans, among other things, enter into a memoranda of understanding and contract with applicable entities, as specified, and would provide that IHSS recipients receiving services through managed care health plans shall retain specified rights and responsibilities. This bill would, until July 1, 2017, require the State Department of Health Care Services, the State Department of Social Services, and the California Department of Aging to establish a stakeholder workgroup, as prescribed, to develop a universal assessment process, including a universal assessment tool, to be used for home- and community-based services, as defined, including IHSS.~~

~~This bill would become inoperative under certain circumstances.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

~~This bill would appropriate \$1,000 from the General Fund to the State Department of Health Care Services for administration.~~

~~This bill would become operative only if AB 1468 or SB 1008 of the 2011-12 Regular Session is enacted and takes effect.~~

~~This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: ~~yes~~-no.

*The people of the State of California do enact as follows:*

*SECTION 1. Item 2660-104-6043 is added to Section 2.00 of the Budget Act of 2012, to read:*

*2660-104-6043—For local assistance, Department of Transportation, payable from the High-Speed Passenger Train Bond Fund..... 713,333,000*

*Schedule:*

*(1) 30.10-Mass Transportation..... 713,333,000*

*Provisions:*

- 1. These funds shall be available for encumbrance or liquidation until June 30, 2018.*
- 2. The funds appropriated in this item shall be available for capital improvement projects to intercity and commuter rail lines and urban rail systems that provide direct connectivity to the high-speed train system and its facilities, or that are part of the construction of the high-speed train system, as adopted by the California Transportation Commission, pursuant to Section 2704.095 of the Streets and Highways Code.*
- 4. Any funds appropriated in this item for projects in the San Francisco to San Jose corridor, consistent with the blended system strategy identified in the April 2012 California High-Speed Rail Program Revised 2012 Business Plan, shall not be used to expand the blended system to a dedicated four-track system.*
- 5. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$3,240,676,000 in Item 2665-306-0890, an appropriation of \$2,609,076,000 in Item 2665-306-6043 for the Initial Operating Segment of the High-Speed Rail System, and an appropriation of*

1       *\$1,100,000,000 in Item 2665-104-6043 for “Bookend”*  
 2       *funding, as articulated in the 2012 High-Speed Rail*  
 3       *Authority Final Business Plan.*

4  
 5       *SEC. 2. Item 2660-304-6043 is added to Section 2.00 of the*  
 6       *Budget Act of 2012, to read:*

7  
 8       2660-304-6043—*For capital outlay, Department of Transporta-*  
 9       *tion, payable from the High-Speed Passenger Train Bond*  
 10       *Fund ..... 106,000,000*

11       *Schedule:*

12       (1) 30-Mass Transportation..... 106,000,000

13       *Provisions:*

- 14       1. *These funds shall be available for encumbrance or*  
 15       *liquidation until June 30, 2018.*
- 16       2. *The funds appropriated in this item shall be available*  
 17       *for capital improvement projects to intercity and*  
 18       *commuter rail lines and urban rail systems that pro-*  
 19       *vide direct connectivity to the high-speed train system*  
 20       *and its facilities, or that are part of the construction*  
 21       *of the high-speed train system, as adopted by the*  
 22       *California Transportation Commission, pursuant to*  
 23       *Section 2704.095 of the Streets and Highways Code.*
- 24       4. *Any funds appropriated in this item for projects in the*  
 25       *San Francisco to San Jose corridor, consistent with*  
 26       *the blended system strategy identified in the April 2012*  
 27       *California High-Speed Rail Program Revised 2012*  
 28       *Business Plan, shall not be used to expand the blended*  
 29       *system to a dedicated four-track system.*
- 30       5. *The funds appropriated in this item shall only be made*  
 31       *available for expenditure upon the enactment of an*  
 32       *appropriation of \$3,240,676,000 in Item 2665-306-*  
 33       *0890, an appropriation of \$2,609,076,000 in Item*  
 34       *2665-306-6043 for the Initial Operating Segment of*  
 35       *the High-Speed Rail System, and an appropriation of*  
 36       *\$1,100,000,000 in Item 2665-104-6043 for “Bookend”*  
 37       *funding, as articulated in the 2012 High-Speed Rail*  
 38       *Authority Final Business Plan.*

SEC. 3. *Item 2665-104-6043 is added to Section 2.00 of the Budget Act of 2012, to read:*

2665-104-6043—*For local assistance, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund ..... 1,100,000,000*

*Provisions:*

- 1. These funds shall be available for early improvement projects in the Phase 1 blended system, consistent with the Metropolitan Transportation Commission Memorandum of Understanding, as approved by the High-Speed Rail Authority on April 12, 2012, in High-Speed Rail Authority Resolution 12-11 and the Southern California Memorandum of Understanding, as approved by the High-Speed Rail Authority on April 12, 2012, in High-Speed Rail Authority Resolution 12-10. The funds are available for encumbrance or liquidation until June 30, 2018.*
- 2. The amount appropriated in this item is available for expenditure for state operations, local assistance, or capital outlay, and may be transferred to Item 2665-004-6043 or Item 2665-306-6043. These transfers shall require the prior approval of the Department of Finance.*
- 3. Any funds appropriated in this item for projects in the San Francisco to San Jose corridor, consistent with the blended system strategy identified in the April 2012 California High-Speed Rail Program Revised 2012 Business Plan, shall not be used to expand the blended system to a dedicated four-track system.*
- 4. Provisions 4 to 11, inclusive, of Item 2665-306-6043 shall also apply to this item.*
- 5. No funds appropriated in this item shall be encumbered prior to the High-Speed Rail Authority submitting a detailed funding plan for the project or projects in accordance with subdivision (d) of Section 2704.08 of the Streets and Highways Code to (a) the Department of Finance, (b) the Chairperson of the Joint Legislative Budget Committee, and (c) the peer review*

group established pursuant to Section 185035 of the Public Utilities Code.

6. No funds appropriated in this item shall be encumbered for construction of a project prior to completion of all project-level environmental clearances necessary to proceed to construction and the final notices being contained in the funding plan for the project.

7. Prior to the obligation of funds to any specific project, and subject to the approval of the Department of Finance, the High-Speed Rail Authority Board shall develop an accountability plan, consistent with Executive Order S-02-07, to establish criteria and procedures to govern the expenditure of the bond funds in this appropriation, and the outcomes that such expenditures are intended to achieve, including a detailed project description and project cost. The procedures shall ensure that the investments comply with requirements of applicable state and federal laws, and are consistent with and advance the state high-speed train system.

8. The High-Speed Rail Authority shall enter into a project management and funding agreement with the local sponsor of the funded project, and the agreement shall require the local agencies to report to the authority on a quarterly basis to ensure that all bond-funded activities are within the scope and cost outlined in the agreement. Prior to the authority entering into any project management and funding agreement pursuant to this provision, the agreement shall be approved by the Department of Finance.

9. Expenditures of bond proceeds under this item shall be subject to audit to determine whether the expenditures made from bond proceeds were made according to the established criteria and processes, were consistent with all legal requirements, and achieved the intended outcomes. The High-Speed Rail Authority shall contract with the Office of State Audits and Evaluations for the performance of these audits unless alternative audit arrangements are made with the concurrence of the Office of State Audits and Evaluations.



10. *The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$3,240,676,000 in Item 2665-306-0890, an appropriation of \$2,609,076,000 in Item 2665-306-6043 for the Initial Operating Segment of the High-Speed Rail System, an appropriation of \$106,000,000 in Item 2660-304-6043, and an appropriation of \$713,333,000 in Item 2660-104-6043 for Connectivity funding.*

**SEC. 4.** *Item 2665-304-0890 is added to Section 2.00 of the Budget Act of 2012, to read:*

2665-304-0890—*For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund ..... 28,310,000*  
Schedule:

(1) 20.15.010-San Francisco to San Jose—Acquisition.....	5,135,000
(3) 20.30.010-Merced to Fresno—Acquisition.....	2,297,000
(4) 20.40.010-Fresno to Bakersfield—Acquisition.....	3,119,000
(5) 20.45.010-Bakersfield to Palmdale—Acquisition.....	0
(6) 20.50.010-Palmdale to Los Angeles—Acquisition.....	2,566,000
(7) 20.60.010-Los Angeles to Anaheim—Acquisition.....	4,299,000
(8) 20.99.010-Project Management and Agency Costs—Acquisition.....	10,894,000

*Provisions:*

1. *The projects identified in this item may be managed by the High-Speed Rail Authority.*
2. *The projects identified in this item are subject to review by the State Public Works Board.*
3. *Notwithstanding any other provision of law, each project in Schedules (1) to (7), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-6043, 2665-305-0890, and 2665-305-6043. For a*

given project, funds appropriated in this item may be transferred to the same project in Item 2665-305-0890. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

4. Notwithstanding any other provision of law, the project in Schedule (8) of this item shall be the same as Schedule (8) of Item 2665-305-0890 and Schedule (11) of Items 2665-304-6043 and 2665-305-6043. Funds appropriated in Schedule (8) of this item may be transferred to the same schedule in Item 2665-305-0890 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

SEC. 5. Item 2665-304-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-304-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund	
.....	124,067,000
Schedule:	
(1) 20.15.010-San Francisco to San Jose—Acquisition.....	5,135,000
(3) 20.30.010-Merced to Fresno—Acquisition.....	2,297,000
(4) 20.40.010-Fresno to Bakersfield—Acquisition.....	3,119,000
(5) 20.45.010-Bakersfield to Palmdale—Acquisition.....	0
(6) 20.50.010-Palmdale to Los Angeles—Acquisition.....	2,566,000
(7) 20.60.010-Los Angeles to Anaheim—Acquisition.....	4,299,000
(8) 20.70.010-Los Angeles to San Diego—Acquisition.....	37,055,000

- (9) 20.80.010-Merced to Sacramento—Acquisition..... 29,700,000
- (10) 20.90.010-Altamont Pass—Acquisition..... 20,375,000
- (11) 20.99.010-Project Management and Agency Costs—Acquisition..... 19,521,000

*Provisions:*

1. *The projects identified in this item may be managed by the High-Speed Rail Authority.*
2. *The projects identified in this item are subject to review by the State Public Works Board.*
3. *Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-305-0890, and 2665-305-6043, and Schedules (8) to (10), inclusive, of Item 2665-305-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-305-6043. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*
4. *Notwithstanding any other provision of law, the project in Schedule (11) of this item shall be the same as Schedule (11) of Item 2665-305-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-305-6043 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.*

*SEC. 6. Item 2665-305-0890 is added to Section 2.00 of the Budget Act of 2012, to read:*

1	2665-305-0890—For capital outlay, High-Speed Rail Authority,	
2	payable from the Federal Trust Fund .....	20,044,000
3	Schedule:	
4	(1) 20.15.010-San Francisco to San	
5	Jose—Design.....	74,000
6	(3) 20.30.010-Merced to Fresno—Design....	4,987,000
7	(4) 20.40.010-Fresno to Bakersfield—De-	
8	sign.....	8,246,000
9	(5) 20.45.010-Bakersfield to Palmdale—De-	
10	sign.....	195,000
11	(6) 20.50.010-Palmdale to Los Angeles—De-	
12	sign.....	0
13	(7) 20.60.010-Los Angeles to Anaheim—De-	
14	sign.....	0
15	(8) 20.99.010-Project Management and	
16	Agency Costs—Design.....	6,542,000
17	Provisions:	
18	1. The projects identified in this item may be managed	
19	by the High-Speed Rail Authority.	
20	2. The projects identified in this item are subject to re-	
21	view by the State Public Works Board.	
22	3. Notwithstanding any other provision of law, each	
23	project in Schedules (1) to (7), inclusive, of this item	
24	shall be the same as the respectively coded project in	
25	Schedules (1) to (7), inclusive, of Items 2665-304-	
26	0890, 2665-304-6043, and 2665-305-6043. For a	
27	given project, funds appropriated in this item may be	
28	transferred to the same project in Item 2665-304-0890.	
29	These transfers shall require the prior approval of the	
30	Department of Finance. The Department of Finance	
31	shall report annually on May 1 to the Joint Legislative	
32	Budget Committee a summary of any transfers that	
33	have been made pursuant to this provision.	
34	4. Notwithstanding any other provision of law, the project	
35	in Schedule (8) of this item shall be the same as	
36	Schedule (8) of Item 2665-304-0890 and Schedule (11)	
37	of Items 2665-304-6043 and 2665-305-6043. Funds	
38	appropriated in Schedule (8) of this item may be	
39	transferred to the same schedule in Item 2665-304-	
40	0890 upon approval of the Department of Finance.	

*The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made in respect to this provision.*

**SEC. 7.** *Item 2665-305-6043 is added to Section 2.00 of the Budget Act of 2012, to read:*

*2665-305-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund..... 80,106,000*

*Schedule:*

<i>(1) 20.15.010-San Francisco to San Jose—Design.....</i>	<i>74,000</i>
<i>(3) 20.30.010-Merced to Fresno—Design....</i>	<i>4,987,000</i>
<i>(4) 20.40.010-Fresno to Bakersfield—Design.....</i>	<i>8,246,000</i>
<i>(5) 20.45.010-Bakersfield to Palmdale—Design.....</i>	<i>195,000</i>
<i>(6) 20.50.010-Palmdale to Los Angeles—Design.....</i>	<i>0</i>
<i>(7) 20.60.010-Los Angeles to Anaheim—Design.....</i>	<i>0</i>
<i>(8) 20.70.010-Los Angeles to San Diego—Design.....</i>	<i>19,068,000</i>
<i>(9) 20.80.010-Merced to Sacramento—Design.....</i>	<i>24,176,000</i>
<i>(10) 20.90.010-Altamont Pass—Design.....</i>	<i>16,055,000</i>
<i>(11) 20.99.010-Project Management and Agency Costs—Design.....</i>	<i>7,305,000</i>

*Provisions:*

- 1. The projects identified in this item may be managed by the High-Speed Rail Authority.*
- 2. The projects identified in this item are subject to review by the State Public Works Board.*
- 3. Notwithstanding any other provision of law, each project in Schedules (1) to (10), inclusive, of this item shall be the same as the respectively coded project in Schedules (1) to (7), inclusive, of Items 2665-304-0890, 2665-304-6043, and 2665-305-0890, and*

Schedules (8) to (10), inclusive, of Item 2665-304-6043. For a given project, funds appropriated in this item may be transferred to the same project in Items 2665-304-6043. These transfers shall require the prior approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

4. Notwithstanding any other provision of law, the project in Schedule (11) of this item shall be the same as Schedule (11) of Item 2665-304-6043 and Schedule (8) of Items 2665-304-0890 and 2665-305-0890. Funds appropriated in Schedule (11) of this item may be transferred to the same schedule in Item 2665-304-6043 upon approval of the Department of Finance. The Department of Finance shall report annually on May 1 to the Joint Legislative Budget Committee a summary of any transfers that have been made pursuant to this provision.

SEC. 8. Item 2665-306-0890 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-306-0890—For capital outlay, High-Speed Rail Authority, payable from the Federal Trust Fund ..... 3,240,676,000  
Schedule:

- (1) 20.01.010-Initial Operating Segment, Section 1—Acquisition and Build..... 3,240,676,000

Provisions:

1. The project identified in this item may be managed by the High-Speed Rail Authority.
2. The expenditure of funds appropriated in this item are governed by Section 13332.19 of the Government Code. The project identified in this item is subject to review and oversight by the State Public Works Board. The project may be implemented using several design-build contracts, each of which will have its own set of performance criteria or performance criteria and

concept drawings. Funds appropriated for the build portion of this project may only be expended after the Department of Finance and the State Public Works Board have approved performance criteria or performance criteria and concept drawings for the design-build contract. These approvals may be provided for each design-build contract, from time to time, and build funds associated with that design-build contract may be expended at that time.

3. Notwithstanding Section 1.80, the appropriation made in this item is available for encumbrance until June 30, 2018.
4. Provisions 4 to 11, inclusive, of Item 2665-306-6043 shall also apply to this item.
5. The funds appropriated in this item shall only be made available for expenditure upon the enactment of an appropriation of \$106,000,000 in Item 2660-304-6043, an appropriation of \$713,333,000 in Item 2660-104-6043 for “Connectivity” funding, and an appropriation of \$1,100,000,000 in Item 2665-104-6043 for “Book-end” funding, as articulated in the 2012 High-Speed Rail Authority Final Business Plan.

SEC. 9. Item 2665-306-6043 is added to Section 2.00 of the Budget Act of 2012, to read:

2665-306-6043—For capital outlay, High-Speed Rail Authority, payable from the High-Speed Passenger Train Bond Fund ..... 2,609,076,000

Schedule:

(1) 20.01.010-Initial Operating Segment, Section 1—Acquisition and Build..... 2,609,076,000

Provisions:

1. The project identified in this item may be managed by the High-Speed Rail Authority.
2. The expenditure of funds appropriated in this item are governed by Section 13332.19 of the Government Code. The project identified in this item is subject to review and oversight by the State Public Works Board.

1       *The project may be implemented using several design-*  
2       *build contracts, each of which will have its own set of*  
3       *performance criteria or performance criteria and*  
4       *concept drawings. Funds appropriated for the build*  
5       *portion of this project may only be expended after the*  
6       *Department of Finance and the State Public Works*  
7       *Board have approved performance criteria or perfor-*  
8       *mance criteria and concept drawings for the design-*  
9       *build contract. These approvals may be provided for*  
10       *each design-build contract, from time to time, and*  
11       *build funds associated with that design-build contract*  
12       *may be expended at that time.*

- 13       3. *Notwithstanding Section 1.80, the appropriation made*  
14       *in this item is available for encumbrance until June*  
15       *30, 2018.*
- 16       4. *On or before March 1 and November 15 of each year*  
17       *for which funding appropriated in this item is encum-*  
18       *bered, the High-Speed Rail Authority shall provide a*  
19       *Project Update Report approved, as consistent with*  
20       *the criteria in this provision, by the Secretary of*  
21       *Business, Transportation and Housing to the budget*  
22       *committees and the appropriate policy committees of*  
23       *both houses of the Legislature on the development and*  
24       *implementation of intercity high-speed train service*  
25       *pursuant to Section 185030 of the Public Utilities*  
26       *Code. The report, at a minimum, shall include a pro-*  
27       *gramwide summary, as well as details by project seg-*  
28       *ment, with all information necessary to clearly de-*  
29       *scribe the status of the project, including, but not lim-*  
30       *ited to, all of the following:*
- 31       (a) *A summary describing the overall progress of the*  
32       *project.*
- 33       (b) *The baseline budget for all project phase costs,*  
34       *by segment or contract, beginning with the Cali-*  
35       *fornia High-Speed Rail Program Revised 2012*  
36       *Business Plan.*
- 37       (c) *The current and projected budget, by segment or*  
38       *contract, for all project phase costs.*
- 39       (d) *Expenditures to date, by segment or contract, for*  
40       *all project phase costs.*



- 1 (e) *A comparison of the current and projected work*
- 2 *schedule and the baseline schedule contained in*
- 3 *the California High-Speed Rail Program Revised*
- 4 *2012 Business Plan.*
- 5 (f) *A summary of milestones achieved during the*
- 6 *prior year and milestones expected to be reached*
- 7 *in the coming year.*
- 8 (g) *Any issues identified during the prior year and*
- 9 *actions taken to address those issues.*
- 10 (h) *A thorough discussion of various risks to the*
- 11 *project and steps taken to mitigate those risks.*
- 12 5. (a) *With respect to contracts scheduled to be awarded*
- 13 *in December 2012 to commence construction of*
- 14 *the first construction segment of the initial oper-*
- 15 *ating section of the high-speed rail system, as*
- 16 *described in the California High-Speed Rail*
- 17 *Program Revised 2012 Business Plan adopted by*
- 18 *the authority on April 12, 2012 (revised business*
- 19 *plan), the authority shall submit the following*
- 20 *reports approved, as consistent with the criteria*
- 21 *in this provision, by the Secretary of Business,*
- 22 *Transportation and Housing to the Senate Com-*
- 23 *mittee on Transportation and Housing, the Assem-*
- 24 *bly Committee on Transportation, and the Senate*
- 25 *and Assembly committees on budget:*
- 26 (1) *By October 1, 2012, prior to awarding a*
- 27 *contract to commence construction of the*
- 28 *first construction segment or committing*
- 29 *funds for the contract, and prior to advertis-*
- 30 *ing contracts to be awarded for the first*
- 31 *construction segment in September 2013 and*
- 32 *October 2013, a comprehensive staff manage-*
- 33 *ment report that includes:*
- 34 (i) *An organizational chart for the authority,*
- 35 *detailed description of each executive manag-*
- 36 *er's function and responsibilities, summary*
- 37 *of staffing changes in the preceding year, a*
- 38 *strategy for filling vacancies and the recruit-*
- 39 *ment and staffing plans for the 2012–13 fiscal*
- 40 *year.*

- 1           (ii) *The management approach, including num-*  
2           *ber, skill level, position, and hiring and reten-*  
3           *tion plan of staff and outside consultants re-*  
4           *quired to adequately oversee each of the*  
5           *planned construction contracts funded in this*  
6           *act.*  
7           (iii) *Proposed steps and procedures that will be*  
8           *employed to ensure adequate oversight and*  
9           *management of contractors involved in the*  
10          *construction contracts funded in this act.*  
11          (iv) *Procedures to detect and prevent contract*  
12          *splitting.*  
13          (2) *Prior to awarding a contract to commence*  
14          *construction of the first construction segment,*  
15          *a report certifying that the amount awarded*  
16          *under the contract is within the budgeted*  
17          *funding and is consistent with the completion*  
18          *schedule deadlines set by the federal Depart-*  
19          *ment of Transportation.*  
20          (b) *Each of the reports required pursuant to subdivi-*  
21          *sion (a) for the contracts described in that subdivi-*  
22          *sion shall also be required with respect to the*  
23          *contract scheduled to be awarded in March 2017.*  
24          *The authority shall submit the reports for those*  
25          *contracts no later than 60 days prior to advertis-*  
26          *ing for bids on each contract.*  
27          7. *Sixty days prior to awarding the contracts scheduled*  
28          *to be awarded in December 2012 to commence con-*  
29          *struction of the first construction segment of the initial*  
30          *operating section, the High-Speed Rail Authority shall*  
31          *fill the positions of chief executive officer, risk manag-*  
32          *er, chief program manager, and chief financial officer*  
33          *and report those hiring to the Joint Legislative Budget*  
34          *Committee.*  
35          8. *Prior to awarding the contracts scheduled to be*  
36          *awarded in December 2012 to commence construction*  
37          *of the first construction segment of the initial operating*  
38          *section, the High-Speed Rail Authority shall prepare*  
39          *and submit a report approved, as consistent with the*  
40          *criteria in this provision, by the Secretary of Business,*

*Transportation and Housing to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, and the Senate and Assembly committees on budget detailing elements of risk in the high-speed rail project, including all of the following:*

- (a) A comprehensive risk management plan that defines roles and responsibilities for risk management and addresses the process by which the authority will identify and quantify project risks, implement and track risk response activities, and monitor and control risks throughout the duration of each project.*
- (b) Quantification of the effect of identified risks in financial terms.*
- (c) Development documents to track identified risks and related mitigation steps.*
- (d) Plans for regularly updating its estimates of capital and support costs.*
- (e) Plans for regularly reassessing its reserves for potential claims and unknown risks, incorporating information related to risks identified and quantified through its risk assessment processes.*
- (f) Plans for regularly integrating estimates for capital, support costs, and contingency reserves in required reports.*

- 9. The High-Speed Rail Authority shall, as part of its January 1, 2014, Business Plan, include: a proposed approach for improving (a) demand projections, (b) operations and maintenance cost models, and (c) benefit-cost analysis as applied to future project decisions. The authority shall also submit a copy of the study by the Union Internationale des Chemins de Fer (the international union of railways) examining how the authority's estimated operating costs for high-speed rail compare to high-speed rail systems in other countries. These business plan components approved, as consistent with the criteria in this provision, by the Secretary of Business, Transportation and Housing shall be based on recommendations of the authority's peer review panel, advice from the domestic and inter-*

1       national rail community, and external academic re-  
2       view.

3       10. On or before June 30, 2013, the High-Speed Rail Au-  
4       thority shall prepare and submit a report approved,  
5       as consistent with the criteria in this provision, by the  
6       Secretary of Business, Transportation and Housing  
7       that provides an analysis of the net impact of the high-  
8       speed rail program on the state's greenhouse gas  
9       emissions. The report shall be submitted to the Senate  
10      Committee on Transportation and Housing, the Assem-  
11      bly Committee on Transportation, and the Senate and  
12      Assembly committees on budget.

13      11. Within 10 days of executing a valid memorandum of  
14      understanding (MOU) with regional transportation  
15      agencies relative to the Northern California Unified  
16      Service, the High-Speed Rail Authority shall make a  
17      copy of the MOU available to the Senate Committee  
18      on Transportation and Housing, the Assembly Com-  
19      mittee on Transportation, and the Senate and Assembly  
20      committees on budget.

21      12. The safeguards and oversight rules and processes of  
22      Sections 13332.11 or 13332.19 of the Government  
23      Code, as appropriate, shall apply to the High-Speed  
24      Rail Authority.

25      13. The funds appropriated in this item shall only be made  
26      available for expenditure upon the enactment of an  
27      appropriation of \$106,000,000 in Item 2660-304-6043,  
28      an appropriation of \$713,333,000 in Item 2660-104-  
29      6043 for "Connectivity" funding, and an appropriation  
30      of \$1,100,000,000 in Item 2665-104-6043 for "Book-  
31      end" funding, as articulated in the 2012 High-Speed  
32      Rail Authority Final Business Plan.

33  
34      SEC. 10. This act is a Budget Bill within the meaning of  
35      subdivision (e) of Section 12 of Article IV of the California  
36      Constitution and shall take effect immediately.

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**All matter omitted in this version of the bill  
appears in the bill as amended in the  
Senate, June 26, 2012. (JR11)**

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